

The Washington City Council met in a budget workshop on Thursday, April 30, 2015 at 6:00pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Allen Lewis, Public Works Director; Susan Hodges, Human Resources Director; Keith Hardt, Electric Utilities Director; Anita Radcliffe, Assistant Finance Director; David Carraway, Network Administrator and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order and Councilman Pitt delivered the invocation.

**OLD BUSINESS:**  
**DISCUSSION: LOAD MANAGEMENT REVIEW**

Brian Alligood, City Manager reviewed the discussion regarding \$27,969 in Load Management salaries. There was some discussion about making sure staff showed the true cost of Load Management. In the budget there was 20% of three positions pulled from the Substation budget and placed in the Load Management budget. Mr. Alligood explained the reasoning behind this move and that the figures are correct the way they stand. Mr. Alligood requested placing those funds back into Load Management.

By motion of Councilman Brooks, seconded by Councilman Beeman, Council approved placing \$27,969 in salaries back in the Load Management budget.

**DISCUSSION: FEE SCHEDULE**

Summary of Mayor  
Fee Schedule Changes  
4/13/2015

Service	Page #	Comment
Privilege license fees	n/a	NC General Assembly passed legislation that municipalities can no longer charge privilege license tax with the exception of taxicabs & beer & wine.
Electric & water deposits	541	Propose changing refund of electric & water utility deposits for good credit from 6 months to 12 months.
Planning & development fees	555	Propose increase in fees as shown.
Building permits & inspections	563	Propose increase in fees as shown.
Airport fees	569	Propose increase in fees as shown.
Cemetery fees	571	Propose increase in fees as shown. Perpetual care fees of \$200 per lot have been rolled up into cemetery lot fee.
Aquatic & Fitness Ctr. membership fees	576	Recommend simplifying rate structure.
Recreation rental fees	576	Recommend charging non City residents double the amount of City residents for all recreation rentals.
Youth League activity fees	578	Participant fee of \$30 added.
Waterfront Dock fees	587	Propose Increase in fees as shown.
Water Sales	596	Recommend 2% increase (residential & commercial).
Sewer Sales	604	Recommend 4% increase (residential & commercial).
Storm Water Management fees	611	Recommend 20% increase (residential & commercial). Subject to change based on engineering study.
Electric Sales	616	No change recommended currently. Rate and load management credit changes will be reviewed after the NCEMPA bond sale.
Solid Waste - residential	627	Recommend increase from \$14/mo to \$15/mo.
Solid Waste - tipping fees	628	Recommend increase in tipping fees as shown.

The current Fee Schedule for FY 14/15 is available at [www.washingtonnc.gov](http://www.washingtonnc.gov) and may be used to compare current fees/rates to the following FY 15/16 proposed fees/rates.

Last Rate Increase - Enterprise Funds  
4/12/2015

Service	Amount of Increase	Date	Comments
Residential Garbage	\$2	July 2008	Went from \$12 to \$14 per month
Water Sales	4%	July 2008	4% across the board residential & commercial
Sewer Sales	7.5%	July 2008	7.5% across the board residential & commercial
Storm Water Fees	15%-22%	July 2008	15% residential; up to 22% commercial
Cemetery Fees	varies	July 2013	see schedule below

Cemetery Service	Amount of Increase	Date	Comments
Cemetery Lots			
8 Graves	\$200	July 2013	Went from \$4,800 to \$5,000
4 Graves	\$100	July 2013	Went from \$2,400 to \$2,500
2 Graves	\$50	July 2013	Went from \$1,200 to \$1,250
1 Grave	\$25	July 2013	Went from \$600 to \$625
Baby Grave	-		No change
Urn Grave	-		No change
Interment Fees (Weekday)			
Adult	\$25	July 2013	Went from \$550 to \$575
Baby < 24 month:	\$50	July 2013	Went from \$200 to \$250
Cremation Urn	\$50	July 2013	Went from \$200 to \$250
Mausoleum	\$300	July 2013	New fee
Interment Fees (Weekend/Holiday)			
Adult	\$25	July 2013	Went from \$650 to \$675
Baby < 24 month:	\$50	July 2013	Went from \$250 to \$300
Cremation Urn	\$50	July 2013	Went from \$250 to \$300
Mausoleum	\$350	July 2013	New fee
Interment Fees (After Hours 4pm)			
Adult	-		No change
Baby < 24 month:	-		No change
Cremation Urn	-		No change
Disinterment of Vault	\$25	July 2013	Went from \$675 to \$700
Disinterment of Urn	\$100	July 2013	Went from \$200 to \$300
Perpetual Care Fees	-		Recommend rolling \$200 perpetual care fee into cemetery lot charge in FY 15/16

Page 528 - Cemetery. Public Works Director, Allen Lewis explained the current perpetual care fee is \$200 per grave space. Mr. Lewis explained the City is currently charging for a full size grave space a cost of \$625, plus \$200 perpetual care fee. Councilman Mercer suggested staggered charges for a full size grave space, urn space or baby grave space. Staff is proposing an increase of \$25 which would make the charge for a full size grave space \$650 plus \$200 perpetual care fee.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council approved the suggested increase for a full size grave space to \$850 (\$650 grave space plus \$200 perpetual care fee or an increase of \$25).

Page 541 – Electric & Water Deposit. Mr. Alligood reviewed that the current required deposit is held for six months and after six months of an account in good standing, the deposit is applied to the customer account. Staff is recommending holding the deposit for twelve months instead of six months.

Councilman Mercer said the Washington Electric Advisory Board should review the suggested change. Mayor Pro tem Roberson noted that the Council should approve the request tonight and then let the Washington Electric Advisory Board review it. Councilman Pitt concurred with Councilman Mercer stating that the Board had found where some deposits were applied as a credit without the customers permission. He also recommended holding the deposit for six months. Mayor Pro tem Roberson said some customers think they would get the money back. Ms. Radcliffe explained they will receive the money back as a credit on their account and the City have never received a complaint regarding this policy.

Ms. Radcliffe expressed that staff is recommending the change from six months to twelve months as a result of a poll taken from area utility providers.

A motion was made by Mayor Pro tem Roberson and seconded by Councilman Beeman to increase the refund of electric and water utility deposits for good credit from six months to twelve months as recommended by staff. Motion failed 2-3 with Councilman Roberson and Beeman voting for the motion and Councilman Brooks, Mercer, and Pitt voting against.

Page 555 - Planning and Development fee schedule

Planning & Development

Zoning compliance	\$ 50
Special use permit	300
Rezoning request	300
Variance request	300
Text amendment	300
Preliminary subdivision plat	250
Final subdivision plat	50
Minor subdivision	25/lot
Site plan review (commercial)	200
Appeal of decision	300
Planned unit development	250
Permanent sign	1.50/sq ft
Home occupation form	50
Change of use form	25
Certificate of appropriateness	50
Nuisance violations	cost + \$100
Minimum housing inspection	40

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council accepted the Planning and Development fee schedule as presented.

Page 554 – Service Fees. Councilman Mercer questioned the difference between a “new service connection” and a “residential new service” fee. Mr. Hardt explained the fees for meter purchases. The “new service connection” is switching over an existing meter to another customer at the same location, while the “residential new service” is for new construction, which requires the purchase of a new meter.

Service Fees

Definition/Comments - New service connections and service transfers

Fees Charged –

New Service Connection – Water	\$25
New Service Connection – Electric	\$25 plus tax
Change of Service – Water	\$25
Change of Service – Electric	\$25 plus tax
Residential New Service (New Meter)	\$50
Non- Residential New Service (New Meter)	\$100

Revenue Code - 30-90-3730-5202 Connection Fees  
35-90-3730-5202 Connection Fees

Pages 563-568 - Building Permit & Inspection fees.

Hazardous Materials

Definition/Comments -

The City of Washington Department of Fire-Rescue-EMS Services may recoup the cost of manpower, as well as the cost of decontamination and/or replacement cost of equipment and supplies used during a Hazardous Materials Response. When recouping cost the city will bill the individual deemed responsible for the hazardous materials involved in the incident. The actual cost of the incident billed will be the actual cost plus overhead to the City of Washington.

Fee Charged – Actual cost plus overhead

Revenue Code – 10-00-3839-8900 Miscellaneous Revenue

Violations and Penalties

Definition/Comments -

Any person who shall violate or fail to comply with any provision of this Article or of the North Carolina Fire Code, as adopted, amended or augmented by this Article or who shall violate or fail to comply with any order made under this Article or North Carolina Fire Code, or who shall build in violation of any detailed statement of specifications or plans submitted under this Article or the North Carolina Fire Code, or any certificate or permit issued thereunder, shall be subject to civil penalties of one hundred fifty dollars (\$150.00) for violations of Chapter 10 of the North Carolina Fire Code and of fifty dollars (\$50.00) for violations of the remaining chapters contain in the North Carolina Fire Code. Each day that any violation continues may be considered a separate violation

Revenue Code – 10-10-3431-4102 Municipal Enforcement Citations

Building Permits and Inspections

Definition/Comments - Issuance of permits for building and construction

Fees Charged -

- (1) Residential:
- a. Any work started without a required permit will be charged the original fee plus a penalty equal to the original fee, i.e., original fee is \$50.00, penalty fee is \$50.00, the total cost will be \$100.00.
- b. New and additions, and repairs, cost per square foot, per floor:
- |                                   |      |
|-----------------------------------|------|
| 1. Building and insulation permit | 0.15 |
| 2. Electrical permit              | 0.08 |
| 3. Plumbing permit                | 0.08 |
| 4. Heating and/or A/C permit      | 0.08 |
| 5. Minimum permit fee             | 50   |
- c. Accessory buildings, porches, decks, etc., cost per square foot per floor:
- |                                   |      |
|-----------------------------------|------|
| 1. Building and insulation permit | 0.10 |
| 2. Electrical permit              | 0.05 |
| 3. Plumbing permit                | 0.05 |
| 4. Heating and/or A/C permit      | 0.05 |
| 5. Minimum permit fee             | 50   |
- d. Moving of buildings
- e. Electrical inspection for lights
- f. Demolition of buildings
- g. Gas piping
- h. Mobile homes/manufactured homes:
- |                                   |               |
|-----------------------------------|---------------|
| 1. Single wide                    | 125           |
| 2. Double wide HUD Spec           | 150           |
| 3. Modular on frame construction  | 150           |
| 4. Modular off frame construction | Same as (1)b. |
- i. Re-inspection fee

(2) Commercial:

- a. Any work started without a required permit will be charged the original fee plus a penalty equal to the original fee, i.e., original fee is \$55.00, penalty fee is \$55.00, the total cost will be \$110.00.
- b. New and additions, and repairs, cost per square foot, per floor:
- |                                   |     |
|-----------------------------------|-----|
| 1. Building and insulation permit | .15 |
| 2. Electrical permit              | .08 |
| 3. Plumbing permit                | .08 |
| 4. Heating and/or A/C permit      | .08 |
| 5. Re-roofing permit              | .01 |
| 6. Minimum permit fee             | 50  |
- c. Accessory buildings, porches/decks, etc., cost per square foot, per floor:
- |                                   |     |
|-----------------------------------|-----|
| 1. Building and insulation permit | .10 |
| 2. Electrical permit              | .05 |
| 3. Plumbing permit                | .05 |
| 4. Heating and/or A/C permit      | .05 |
| 5. Minimum permit fee             | 50  |
- d. Re-roofing permits
- e. Moving of buildings
- f. Electrical inspection for lights (Incl \$35 fire inspection)
- g. Demolition of buildings
- h. Gas piping
- i. Re-inspection fee per trade
- (3) General
- a. Signs, cost per linear foot per side
- b. Piers, bulkheads, docks, jetties, etc. per linear foot
- c. Cell towers
- d. Buildings at cell sites
- e. ABC Inspection
- f. Construction site temporary office trailer

Revenue Code – 10-10-3435-4100 Building Permits

Previous Legislative Reference - (Code 1993, § 27-219)

Fire Permits/Inspections/Prevention

Definition/Comments – These fees reflect charges for required construction and operational permits as set forth by N.C. Fire Code.

Fees Charged -

- (a) A fee shall be assessed for required permits/fire prevention inspections conducted in accordance with Section 7-75 and/or Section 7-76 of the code as follows:
- |  |           |
|--|-----------|
| 1. First time/new occupancy pursuant to permit application (included with electrical inspection fee) | \$35      |
| 2. Periodic inspections in accordance with Section 7-75 (b)  | No Charge |
| 3. First re-inspection for non-compliance if Code requirements have been met                         | No Charge |
| 4. First re-inspection for non-compliance if Code Requirements have not been met                     | \$25      |
- (b) First time fire prevention inspection/permit fees shall be paid along with all other applicable fees at the time of application. Re-inspection fees shall be billed upon completion of a final inspection.
- (c) Required construction permit fees
- |  |       |
|--|-------|
| 1. Automatic fire extinguisher systems | \$100 |
| 2. Compressed gas                      | \$100 |
| 3. Fire alarm and detection system     | \$100 |
| 4. Fire pumps                          | \$100 |
| 5. Flammable and combustible liquids   | \$100 |
| 6. Hazardous materials                 | \$100 |
| 7. Industrial ovens                    | \$100 |
| 8. Private fire hydrants               | \$100 |
| 9. Spraying or dipping                 | \$100 |
| 10. Standpipe systems                  | \$100 |
- (d) Other fees.
- |   |       |
|---|-------|
| 1. Pyrotechnics special affects material              | \$100 |
| 2. Temporary membrane structures, tents, and canopies | \$50* |

\*Fee per structure with a maximum \$100 per site

Revenue Code – 10-10-3434-4100 Fire Inspection Fees

Rescue Services

Definition/Comments - EMS Transport to Beaufort County Hospital

Fees Charged –

Description	
ALS Emg. Transport - Co. Resident	\$550.00
ALS Emg. Transport - Non-Co. Resident	\$655.00
ALS Level 2 Emg Transport	\$755.39
BLS Emg. Transport - Co. Resident	\$450.00
BLS Emg. Transport -Non-Co. Resident	\$555.00
ALS Treatment No Transport	\$350.00
BLS Treatment No Transport	\$250.00
Patient Transport Mileage Charge	\$14.00

ALS = Advance Life Support  
BLS = Basic Life Support  
Note: Level 2 ALS transport involves 3 or more ALS patient procedures  
Note: Level 2 ALS transport charges same for County & Non-County Residents

Revenue Code – 10-10-3434-4104 Rescue Squad Charges

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council accepted Building Permits & Inspection fees as presented.

Page 567 - Rescue Service. – No changes

Page 569 – Airport Fees. By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council accepted the Airport fees as presented.

Definition/Comments – Services required after normal operating hours.

Any part of the first hour - \$100  
Any part of a half hour after the initial first hour - \$50

Revenue Code – 37-90-3839-0000 Miscellaneous Revenue

Definition/Comments – Tie down at Warren Field Airport.

Daily tie down fee - \$ 5  
Monthly tie down fee - \$40

Revenue Code – 37-90-3453-0002 Tie Down Rentals

Page 571- Cemetery Fees. Mr. Alligood reviewed that Council directed staff to leave the \$200 perpetual care fee in the Perpetual Care Fund. Mr. Rauschenbach noted the City would be short \$24,000 to balance the Cemetery Fund.

Mr. Rauschenbach said being Council wants the perpetual care fee of \$200 to continue to go into the Perpetual Care Trust Fund then the cemetery fund will be short \$24,000; so we will either need to make it up by increasing fees or fund balance appropriation out of the cemetery fund.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved taking \$24,000 out of the fund balance in the cemetery fund.

Page 576 - Aquatics Center fees.

Aquatic and Fitness Center Membership Fees		Miscellaneous Fees – Aquatic Center	
Definition/Comments - Membership dues at the Aquatic and Fitness Center		Definition/Comments - Miscellaneous services at the Aquatic Center as detailed below	
Fees Charged -		Fees Charged -	
Aquatic/fitness membership-annual	Individual \$360 Family \$480 Application fee \$25	Open Pool Fee	\$5 per visit
Aquatic/fitness membership-quarterly	Individual \$105 Family \$135 Application fee \$25	Swimming Lessons - Non-Member	\$35
Aquatic/fitness membership-monthly	Individual \$40 Family \$50 Application fee \$25	Swimming Lessons - Members	\$25
College student, military, senior (>55)	10% discount Application fee \$25	Facility Rental for Party Non-Member	\$50 per rental(1 hr in pool 1 hr in classroom)*
Revenue Code - 10-40-3612-4130 Aquatic Memberships		Facility Rental for Pool Party- Members	\$35 per rental (1 hr in pool 1 hr in classroom)*
		Facility Rental for Summer Groups (Jun-Aug)	(1 hour in pool) \$65*
		Facility Rental for Non-Profit Groups	(1 hour in pool) \$55*
		Facility Rental extra people in pool	\$2/child after attendance reaches 10 kids*
			20 children - \$10 for extra lifeguard*
			\$10 for additional guards for each additional 10 children*
		Daily Pass	\$5 per day
		Water Aerobics – Non-Member	\$35 per month
		Yoga – Non-Member	\$38 for 15 sessions
		Locker Fees	\$3 per month for small
			\$4 per month for medium
			\$8 per month for large
		Classroom Rental	\$20 per hour*
		Lap Lane Rental	\$10 per hour*
		Lifeguard course	\$150 per person
		*Above rental fee rates are for City residents. Non City residents pay double the amount listed.	
		Revenue Code - 10-40-3612-4131 Aquatic Center User Fees	
		10-40-3612-4135 Aquatic Center Rentals	

A motion was made by Councilman Beeman and seconded by Mayor Pro tem Roberson to accept the fees as recommended. Discussion followed. Mayor Hodges expressed concern with increasing the fees. Mr. Rauschenbach suggested fees will be increase by \$5 per month. Councilman Mercer stated the City can’t continue to subsidize the pool and he suggested reducing hours of operation of the pool to 5 day/40 hours per week with staff determining days/hours to open. Current hours are: M-F (6:00am-7:00pm) and Saturday (10:00am-6:00pm) Sunday (Closed) – total of 73 hours. (It was mentioned that the facility was closed from 1:00pm-3:00pm daily – this occurred several years ago and they are no longer closed during those times.) Discussion regarding hours and fees. Mayor Hodges suggested increasing marketing efforts for the aquatics center. Mr. Alligood reviewed conversations with PARTF regarding the pool, possibly partnering with someone to manage and market the facility.

Councilman Beeman rescinded his motion and Mayor Pro tem Roberson withdrew his second to Councilman Beeman’s motion.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved reducing hours at the Aquatics Center to a 40 hour work week with staff determining hours of operation.

By motion of Councilman Beeman, seconded by Mayor Pro tem Roberson, Council made a motion to not accept the recommended increase in the Aquatic/Fitness Membership fees.

Page 576 - Facility Rental fees \* Rental fee rates are for City residents. Non-City residents pay double the rental fee.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the recommendation from staff, leaving the rental fees as presented.

Page 583 - Lights at ball field. Councilman Mercer inquired if the \$25.00 for the light fees at the ball fields actually covers the cost. Mr. Rauschenbach will forward the actual cost of the lights to Council.

Page 585 is a duplication of page 561 – this will be corrected.

Page 587- Waterfront Docks fees. These fees were previously approved.

Page 589 – Library. Mr. Alligood noted there we no changes proposed.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council accepted the Library fees as presented with the exclusion of test proctoring fees and suggested the Library board/staff review that fee and make a suggestion to Council.

Page 596 - Water Sales fees.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council accepted the Water Sales Schedule as presented.

Page 606 -609 Sewer Sales fees.

Councilman Mercer inquired why not charge a fixed fee like water. Mr. Lewis stated staff didn't change it because it wasn't mandated by the State. Mr. Lewis stated the change would impact our 12 large customers. Mr. Lewis suggested that the single rate for sewer sales be 0.04516 and 0.04946 (industrial pretreatment).

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved a single rate for sewer sales – inside City at 0.04516 and 0.04946 (industrial pretreatment) and sewer service inside metered non-water related 0.04756; sewer service outside metered non-water related 0.04946; sewer service –outside metered in gallons non-water related 0.00660.

Page 611 Stormwater fees.

Councilman Mercer recommended not adjusting Stormwater fees until the study has been completed.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council approved increasing the residential Stormwater fee by \$1.00 and leaving the commercial fee as is until the study has been completed.

Fees Charged-	Current Fee	Approved Fee
Residential impervious surface up to 1,517 sq. ft.	\$2.65	\$3.65
Residential impervious surface 1,518- 2,322 sq. ft.	\$4.00	\$5.00
Residential impervious surface 2,323sq. ft. and more	\$5.35	\$6.35

Page 624 - Electric Sales. Staff suggesting holding this until the cost of use study has been completed.

Page 627 – Residential Waste. Recommended increase \$1 per month.

By motion of Councilman Brooks, seconded by Mayor Pro tem Roberson, Council approved \$1 per month increase on residential waste (from \$14 to \$15 per month).

Page 628 – Tipping Fees.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved tipping fees as presented.

Tipping Fees Charged – Based on the following rates:	
4 cubic yard tipping fee	\$64 per month (twice per week service)
8 cubic yard tipping fee	\$128 per month (twice per week service)
1 cubic yard shared tipping fee	\$16 per month total (twice per week service)
2 cubic yard shared tipping fee	\$32 per month total (twice per week service)
3 cubic yard shared tipping fee	\$48 per month total (twice per week service)
4 cubic yard shared tipping fee	\$64 per month total (twice per week service)
5 cubic yard shared tipping fee	\$80 per month total (twice per week service)
6 cubic yard shared tipping fee	\$96 per month total (twice per week service)
7 cubic yard shared tipping fee	\$112 per month total (twice per week service)
Commercial roll-out cart	\$4 per month (once per week service)

**COMMENTS:**

Councilman Mercer reviewed his thoughts from last night regarding the proposed 1½ cent tax increase and the \$190,000 payment in lieu of sales taxes – he reminded Council that he would vote against the budget if those items were included. Councilman Mercer voiced he found \$310,000 to replace that money if those proposals were removed from the budget. Also, he stated he made some adjustments to the General Fund revenue and if you use these adjusted numbers he can produce approximately \$134,000 in additional revenue. Next in looking at cutting expenses he found about 8-9 items but added \$15,000 to EMS medical supplies. Further, Councilman Mercer suggested there was one other item that he could recommend saving and that would involve cutting hours at the Library to a 5-day 40 hour week with staff determining hours of operation. With all these suggested recommendations that would generate \$333,700 which would allow us to eliminate 1½ cent tax increase and the \$190,000 in payment in lieu of sales tax. Councilman Mercer inquired if Council and staff would wanted to pursue his recommendations.

**RECESS**

**DISCUSSION: FUND BALANCE**

Councilman Mercer inquired if Council wants to eliminate the 1½ cent increase in property tax. Mayor Pro tem Roberson responded ‘yes’ but Council has already voted on \$190,000. Mr. Alligood reviewed what was eliminated last night with regards to outside agencies, which accumulated around \$40,000. Further, Mr. Alligood stated you only need to pick up another \$84,000 to not have a tax increase.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council approved adding \$15,000 in EMS supplies.

Mayor Pro tem Roberson mentioned there was no COLA recommended in the budget and employee’s did not have a cost-of-living increase last year. Mayor Pro tem Roberson recommended putting in at least a 1% cost-of-living this year. Councilman Mercer stated Council voted not to approve the expansion budget but he would like to look at 2 or 3 positions which needed to be improved but the majority of our salaries are in very good shape. Councilman Mercer recommended not to give a COLA but adjust pay scale by 2%. Anyone not at minimum would get an increase to minimum and this would allow room for growth. Councilman Beeman said he feels City staff needed at least a 1% COLA, as they did not receive a cost-of-living last year. Councilman Mercer discussed merit and the pay scale and Mayor Pro tem Roberson suggested 1% COLA which equals \$98,000. Councilman Beeman stated we gave a bonus last year and not a cost of living increase. Councilman Mercer requested if Council is recommending a cost of living and a merit and Council responded ‘yes’. Councilman Mercer recommended a 1%, 2%, 3% merit instead of COLA. Councilman Brooks recommended a 2% COLA for City employee’s. Councilman Mercer suggested establishing a program to move pay grades consistent with the consumer price index and reiterated increasing pay grades. Ms. Hodges explained the CPI is 1.3%.

Councilman Mercer stated he was under the impression you either had one or the other in the same year (merit or COLA) and Mayor Pro tem Roberson did not understand that to be the case. Councilman Brooks inquired if an employee was at the maximum of \$29,000 - they are at the lowest pay grade and has been employed for a long time with the City what could be done to help that employee? Mr. Alligood expressed that you could extend the range so they would have an opportunity to get a true merit instead of a onetime bonus but the next year they would be maxed out again or you can allow for a COLA because a COLA allows you to maintain the ability of cost-of-living. The merit allows you to separate the employees who are doing a good job.

Councilman Mercer made a motion to adjust the merit pay scale so that the lowest rating is 1%, the mid rating is 2%, and the top rating is 3%. He suggested this would increase the mid-range by 25% and the top range by 50% - motion died for lack of second.

Councilman Pitt said a COLA would be more fair to employee’s but where would we pull the money from. Mayor Pro tem Roberson suggested taking the dollars from Electric Transfer. Mr. Alligood explained COLA versus bonus and that COLA impacts the employee’s accumulative pay.

Mr. Alligood summarized we need 1¢ property tax increase to make up the \$80,000 that is left. Council has directed they don't want to raise taxes so we either have to cut out the \$80,000 and if directed by Council we can push certain capital items that have already been identified. This would take care of the current budget, then Council can decide if you want to do a COLA and we would have to find that money. Mayor Pro tem Roberson has suggested making an additional transfer instead of delaying capital. Councilman Brooks noted he didn't want a property tax increase, but he wanted to implement a COLA for the employees.

Council members reiterated the need to take care of employees. Councilman Mercer suggested .5% COLA equivalent to \$50,000 and increase the Electric Fund transfer by \$50,000 and increase the merit scale.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council approved a 1.3% COLA and transfer the additional monies from the Electric Fund. Motion passed with Councilman Mercer opposing.

Councilman Brooks expressed his desire was for the 2% COLA increase. Councilman Pitt said we need to take care of our employees.

Mr. Alligood clarified – add 1.3% COLA funded with a transfer from Electric Fund, plus we will still be short by \$80,000 if we do not increase taxes, plus the addition of the \$15,000 to EMS for medical supplies. Mr. Rauschenbach stated the current amount needed to be transferred from the Electric Fund is \$91,475 plus the COLA of \$82,542. The current transfer is \$470,000 plus the additional transfers. Mr. Alligood explained that the budget is balanced with the additional appropriations that were approved tonight.

By motion of Councilman Beeman, seconded by Mayor Pro tem Roberson, Council approved the additional \$91,475 in Electric Fund transfers. Motion passed with Councilman Mercer opposing. Councilman Mercer expressed that he is not opposed to taking care of our employees as they are our most valuable asset, but we are looking after them every year with the merit system.

#### **DISCUSSION: VEHICLE REPLACEMENT PROGRAM**

City Manager, Brian Alligood reviewed the section on General Fund and Fund Balance noting the highlighted section is where we show the unassigned/unrestricted funds. There is currently a fund balance policy which states you will maintain two months operating reserve and you will maintain two million dollars for a natural disaster. This leaves the City with \$1.88 million dollars to set this money aside for specific projects.

Mr. Alligood explained the proposed vehicle replacement fund. The goal of the vehicle replacement schedule is to level expenditures every year. Mr. Alligood recommended funding this program at \$1.1 million, this is the initial amount and then every year fund it at \$482,766 (fixed amount). Councilman Mercer agreed establishing a vehicle replacement program is the first step in the right direction but expressed some of his concerns.

Department	Description	#	Year	Make/Model	Useful Life (yrs.)	Base Cost	Cost/Year	Years Old	Base Reserve	Replacement Schedule						Calc. Year
										2016	2017	2018	2019	2020	2021	
Police	Patrol Vehicles	130	2014	Ford Interceptor	5	36,000	7,200	2015	1	7,200				36,000		2019
Police	Administrative	131	2009	Chevrolet Traverse	9	36,000	4,000	6	24,000			36,000				2018
Police	Patrol Vehicles	132	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	134	2013	Dodge Charger	5	36,000	7,200	2	14,400			36,000				2018
Police	Administrative	135	2009	Chevrolet Impala	9	36,000	4,000	6	24,000			36,000				2018
Police	Patrol Vehicles	136	2010	Ford Crown Victoria	5	36,000	7,200	5	36,000	36,000					36,000	2015
Police	Administrative	137	2009	Ford F-150	9	36,000	4,000	6	24,000			36,000				2018
Police	Administrative	138	2011	Ford Fusion	9	36,000	4,000	4	16,000					36,000		2020
Police	Administrative	139	2009	Chevrolet Impala	9	36,000	4,000	6	24,000			36,000				2018
Police	Animal Control	140	2015	Ford Truck	9	36,000	4,000	-	-							2024
Police	Patrol Vehicles	141	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	142	2008	Ford Crown Victoria	5	36,000	7,200	7	36,000	36,000					36,000	2013
Police	Administrative	143	2008	Chevrolet Tahoe	9	36,000	4,000	7	28,000		36,000					2017
Police	Administrative	144	2010	Dodge Avenger	9	36,000	4,000	5	20,000				36,000			2019
Police	Patrol Vehicles	145	2010	Ford Crown Victoria	5	36,000	7,200	5	36,000	36,000					36,000	2015
Police	Patrol Vehicles	147	2008	Ford Crown Victoria	5	36,000	7,200	7	36,000	36,000					36,000	2013
Police	Patrol Vehicles	148	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	150	2014	Ford Interceptor	5	36,000	7,200	1	7,200				36,000			2019
Police	Patrol Vehicles	151	2012	Dodge Charger	5	36,000	7,200	3	21,600		36,000					2017
Police	Disaster response	153	2000	AMC Humvee	10	0	0	15	-							2010
Police	Disaster response	154	2000	AMC 2.5 ton truck	10	0	0	15	-							2010
Police	Patrol Vehicles	157	2004	Ford Crown Victoria	5	36,000	7,200	11	36,000	36,000					36,000	2009
Police	Patrol Vehicles	158	2012	Dodge Charger	5	36,000	7,200	3	21,600		36,000					2017
Police	Patrol Vehicles	159	2013	Dodge Charger	5	36,000	7,200	2	14,400			36,000				2018
Police	Patrol Vehicles	160	2011	Ford Crown Victoria	5	36,000	7,200	4	28,800	36,000					36,000	2016
Police	Patrol Vehicles	161	2010	Chevrolet Impala	9	36,000	4,000	5	20,000				36,000			2019
Police	Administrative	164	2004	Pontiac Grand Am	9	36,000	4,000	11	36,000	36,000						2013
Police	Administrative	166	2014	Dodge truck	9	36,000	4,000	1	4,000							2023
Police				Total		936,000	152,000		515,200	252,000	108,000	216,000	144,000	144,000	216,000	
				Reserve balance maximum					515,200	415,200	459,200	395,200	403,200	411,200	347,200	
				Reserve balance minimum				33%	168,000	68,000	112,000	48,000	56,000	64,000	0	
				Budget			142,000									
				Budget change to level			10,000									
Fire	Aerial Ladder #1	230	2006	Pierce	20	850,000	42,500	9	382,500							2026
Fire	Fire Engine # 1	231	2000	Spartan	20	450,000	22,500	15	337,500					450,000		2020
Fire	Fire Engine # 2	233	1996	Freightliner	20	450,000	22,500	19	427,500			450,000				2016
Fire	Rescue Truck 1	235	2013	Kenworth	20	400,000	20,000	2	40,000							2033
Fire	Fire Engine # 3	236	1988	Ford D80	20	450,000	22,500	27	450,000		450,000					2008
Fire	Staff/Station	237	2015	Ford F150 XL	10	31,000	3,100	-	-							2025
EMS	Staff/Station	238	2005	Chevrolet 5 ton 4x4	10	31,000	3,100	10	31,000		30,000					2015
Fire	Staff/Station	248	2014	Ford Explorer	10	31,000	3,100	1	3,100							2024
Fire	Disaster response	255	2006	2 1/2 TON MILITARY VEHIC	10	0	0	9	-							2016
EMS	Ambulance	430	2008	Chevrolet	7	150,000	21,429	7	150,000	150,000						2015
EMS	Ambulance	432	2011	Wheeled Coach	7	150,000	21,429	4	85,714			150,000				2018
EMS	Ambulance- new rotation	431	2013	Add when #430 purchased	7	150,000	21,429	2	42,857					150,000		

Department	Description	#	Year	Make/Model	Useful Life (yrs.)	Base Cost	Cost/Year	Years Old	Base Reserve	Replacement Schedule						Calc. Year
										2016	2017	2018	2019	2020	2021	
Fire/EMS	Total			Total	161	3,143,000	203,586		1,950,171	150,000	480,000	600,000	0	600,000	0	
	Reserve balance maximum								1,950,171	2,003,757	1,727,343	1,330,929	1,534,514	1,138,100	1,341,686	
	Reserve balance minimum							42%	812,071	865,657	589,243	192,829	396,414	0	203,586	
	Budget						150,000									
	Budget change to level						53,586									
Miscellaneous	Administrative	133	2008	Chevrolet Impala	10											2018
	Total					-	-	-	-	-	-	-	-	-	-	
	Reserve balance maximum								0	0	0	0	0	0	0	
	Reserve balance minimum								0	0	0	0	0	0	0	
	Budget															
Warehouse	Fork Lift	113	2009	Mitsubishi FD30N-D	15	30,000	2,000	6	12,000							2024
	Total					30,000	2,000	6	12,000	-	-	-	-	-	-	
	Reserve balance maximum								12,000	14,000	16,000	18,000	20,000	22,000	24,000	
	Reserve balance minimum								12,000	14,000	16,000	18,000	20,000	22,000	24,000	
	Budget						0									
Budget change to level						2,000										
Inspection	Inspection	121	2000	Jeep Cherokee	10	20,000	2,000	15	20,000	20,000						2010
	Inspection	122	2012	Ford F-150	10	20,000	2,000	3	6,000							2022
	Inspection	123	2013	Ford F-150	10	20,000	2,000	2	4,000							2023
	Total					60,000	6,000		30,000	20,000	-	-	-	-	-	
	Reserve balance maximum								30,000	16,000	22,000	28,000	34,000	40,000	46,000	
Reserve balance minimum							47%	14,000	0	6,000	12,000	18,000	24,000	30,000		
Budget						20,000										
Budget change to level						(14,000)										
Rec- Sr. Ctr.	Passenger Van	802	2001	Chevrolet Astro	10	25,000	2,500	14	25,000		25,000					2011
	Handicap Van	803	2008	Ford 534G	15	46,000	3,067	7	21,467			25,000				2023
	Total					71,000	5,567		46,467	-	25,000	-	-	-	-	
	Reserve balance maximum								46,467	52,033	32,600	38,167	43,733	49,300	54,867	
	Reserve balance minimum							57%	26,467	32,033	12,600	18,167	23,733	29,300	34,867	
Budget						0										
Budget change to level						5,567										
Streets	1/2 ton pickup	451	2006	Chevrolet Silverado	10	23,000	2,300	9	20,700	23,000						2016
	Utility body lift	452	2008	Ford F-250	10	31,000	3,100	7	21,700			31,000				2018
		454	2014	Ford F-750	10	63,000	6,300	1	6,300							2024
	2 ton dump truck	455	2001	Chevrolet Dump Truck	10	75,000	7,500	14	75,000	75,000						2011
	Motor Grader	461	2001	Caterpillar 120G	20	121,000	6,050	14	84,700							2021
Streets	Front End Loader	463	2012	Hyundai HL740TM-9	15	94,000	6,267	3	18,800							2027
	Asphalt roller	464	1996	Isuzu C330B	25	67,000	2,680	19	50,920							2021
	Dump truck 16.5 FT	465	2002	International 4900	10	110,000	11,000	13	110,000	120,000						2012

**APRIL 30, 2015**  
**PAGE**

**Notes:**

- 1) Replacement schedule is based on useful life, not on what is currently planned
- 2) Add contribution inflation adjustment 2.5%
- 3) Total vehicle replacement cost 5,524,000
- 4) Annual reserve contribution 482,766
 

Current 15/16 budget	<u>387,000</u>
15/16 Budget adjustment	95,766
- 5) Initial reserve- minimum 1,138,171
- 6) Take out of service: City Hall Jeep (PD #133), Rec Admin Jeep, HR truck, PD forfeited vehicle

## Fund Balance- General Fund

4/14/2015

It is important to distinguish between the statutory calculation of fund balance available for appropriation and the fund balance that is reported on the unit's General Fund Balance Sheet. Fund balance available for appropriation represents the maximum amount that is legally available for appropriation in the next year per NCGS 159-9(a). This amount includes funds that are restricted in nature and funds that the unit has already committed to spend in subsequent years for various purposes. For example, fund balance available for appropriation would include any Powell Bill monies on hand at June 30 that are restricted for use for streets. Those funds will be recorded as restricted fund balance on the Statement of Net Position because our General Statutes restrict how the funds are to be spent.

**The categories of fund balance that one may see on the Balance Sheet are:**

- **Non-spendable:** fund balance that is not spendable by its nature; created by long-term receivables, inventory, or the non-spendable corpus of a trust
- **Restricted:** funds on which constraints are placed externally by creditors, grantors, contributors, or laws of other governments or imposed by law through enabling legislation or constitutional provisions. Restricted fund balance includes the amount restricted by North Carolina General Statutes as unavailable for appropriation in the next budget year. As a result the reader of the financial statements cannot make a direct connection between the fund balance that appears on the financial statements and the fund balance available calculation that appears in the CAFR.
- **Committed:** funds to be used for specific purposes as dictated by formal action of the unit's governing body
- **Assigned:** amounts that are constrained by the government's intent but are neither restricted or committed
- **Unassigned:** funds that do not fall into any of the other spendable categories

Available for assignment or commitment	1,883,962	Unassigned net of FB policy
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<b>Other assignments/commitments:</b>	
Police Station	1,000,000
Havens Garden PARTF match	500,000
Street paving fund	<u>500,000</u>
<b>Total</b>	<b>2,000,000</b>

\*Installment each year at \$482,766.

**SCHEDULED MEETING DATES:**

May 11<sup>th</sup> – Public Hearing for recommended budget  
May 25<sup>th</sup> – meeting cancelled - Memorial Day  
June 8<sup>th</sup> – Adopt budget

**CLOSED SESSION: UNDER NCGS § 143-318.11(A)(3) ATTORNEY/CLIENT PRIVILEGE;  
(A)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION UNDER CHAPTERS 132 PUBLIC  
RECORDS AND 159B CONFIDENTIAL CONTRACT DISCUSSIONS AND (A)(6)  
PERSONNEL.**

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council agreed to enter into closed session at 8:30pm under NCGS § 143-318.11(a)(3) Attorney/Client Privilege; (a)(1) Disclosure of Confidential Information under Chapters 132 Public Records and 159B Confidential Contract Discussions and (a)(6) Personnel.

By motion of Councilman Mercer, seconded by Councilman Brooks, Council agreed to come out of closed session at 9:00pm.

**ADJOURN:**

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adjourned the meeting at 9:05pm until Monday, May 11, 2015 at 5:30 pm, in the Council Chambers.

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**Cynthia S. Bennett, MMC**  
City Clerk